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ABSTRACT

In this report GAO recommends that the Secretary of HHS direct ACF to (1) ensure the accuracy of national enrollment data, (2) develop a standard criterion for regional offices to use in identifying grantees whos underenrollment merits action, (3) develop an additional enrollment measure that takes into consideration the different levels of service provided by full-day and part-day programs, and (4) develop a more systematic process for regional offices to collect reliable enrollment data during the program year. (Author)

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United States General Accounting Office

GAO

Report to Congressional Requesters

December 2003

HEAD START

Better Data and Processes Needed to Monitor Underenrollment

ED 483 014

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Highlights

Highlights of GAO-04-17, a report to Congressional Requesters

HEAD START

Better Data and Processes Needed to Monitor Underenrollment

Why GAO Did This Study

Head Start, created in 1965, is designed to prepare low-income preschool children for school by providing a comprehensive set of early child development services primarily through community-based organizations. Over the last decade there have been a number of changes in Head Start's operating environment, including a decrease in the number of poor children; an increase in the number, size, and scope of other federal and state early childhood programs; and an expansion in Head Start spending and enrollment. Given this environment, GAO was asked to determine (1) what is known about the extent to which Head Start programs are underenrolled, (2) ACF regional officials' and Head Start grantees' views on what factors contribute to underenrollment, and (3) what actions ACF and grantees have taken to address underenrollment.

What GAO Recommends

GAO recommends that the Secretary of HHS direct ACF to (1) ensure the accuracy of national enrollment data, (2) develop a standard criterion for regional offices to use in identifying grantees whose underenrollment merits action, (3) develop an additional enrollment measure that takes into consideration the different levels of service provided by full-day and part-day programs, and (4) develop a more systematic process for regional offices to collect reliable enrollment data during the program year.

www.gao.gov/cgi-bin/getrpt?GAO-04-17.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Marnie S. Shaul at (202) 512-7215 or shaulm@gao.gov.

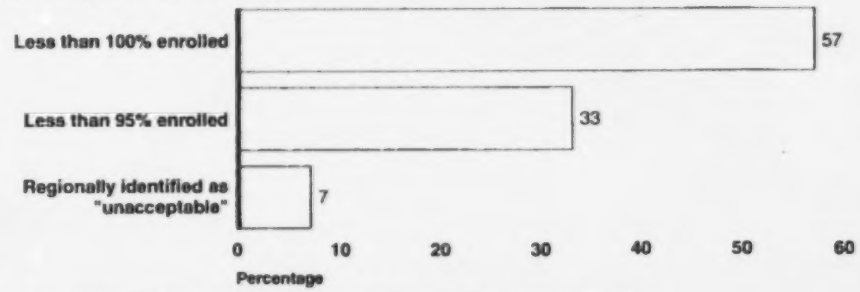
What GAO Found

The extent to which Head Start programs have enrolled fewer children than they are funded to serve is unknown because the Administration for Children and Families (ACF) does not collect accurate national data and does not monitor underenrollment in a uniform or timely manner. While some modest fluctuations in enrollment are to be expected, regional offices had differing definitions of unacceptable underenrollment, and the approaches they used to identify it were either not timely or not systematic. The regional offices identified a total of about 7 percent of grantees as unacceptably underenrolled in 2001-02, significantly less than the percentage of grantees reporting enrollment ratios below 100 and 95 percent on ACF's survey of grantees (see chart below). As a result of differences in regional definitions of what constitutes an unacceptable level of underenrollment, grantees with similar levels of underenrollment may be treated differently across regions.

ACF regional officials and officials of underenrolled Head Start grantees often cited a mixture of factors that made it difficult to achieve full enrollment, including increased parental demand for full-day child care, a decrease in the number of eligible children, facilities-related problems, and more parents seeking openings with other sponsors of early education and care.

ACF national and regional offices and grantees all report taking action to address underenrollment through the issuance of guidance, increased monitoring by regional offices, and more aggressive outreach attempts by grantees. The ACF national office issued a memo in April 2003 that instructed regional offices to address underenrollment with a variety of measures depending on its causes. While this guidance was clear on the actions to be taken, it lacked clear criteria for prioritizing grantees for corrective actions. Also, while many grantees we spoke with had taken steps to address underenrollment, some told us of their concern to maintain total funded enrollment levels, even as they were converting unfilled part-day openings to full-day. While 18 of the 25 grantees we contacted had made progress toward full enrollment, others cited continuing problems.

Percentage of Underenrolled Grantees Using Three Different Definitions



Source: GAO analysis of ACF regional office survey responses and Program Information Report data.

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Abbreviations

ACF	Administration for Children and Families
CCDF	Child Care Development Fund
HHS	Department of Health and Human Services
PIR	Program Information Report
SSI	Supplemental Security Income
TANF	Temporary Assistance for Needy Families

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United States General Accounting Office
Washington, DC 20548

December 4, 2003

The Honorable George Miller
Ranking Minority Member
Committee on Education and the Workforce
House of Representatives

The Honorable Dale E. Kildee
House of Representatives

The Honorable Adam Schiff
House of Representatives

Head Start is the largest federal early childhood program, funded at about $6.7 billion in fiscal year 2003. Created in 1965, Head Start is designed to prepare poor children for school by providing a comprehensive set of developmental services. The Administration for Children and Families (ACF) of the Department of Health and Human Services (HHS) administers the program. Over the last decade, the Head Start program has expanded substantially. Between fiscal years 1990 and 2002, appropriations for Head Start quadrupled from $1.6 billion to over $6.5 billion, and the number of children served increased by 69 percent from about 540,000 to over 910,000.

Over the past decade, significant changes to Head Start's environment may have created challenges for some Head Start grantees when they tried to find children to fill funded slots. For example, in the 1990s there was a decline in welfare caseloads following welfare reform and a decline in the number of children living in poverty, which may have decreased the number of children eligible for Head Start. At the same time, the expansion of other federal and state early childhood programs may have increased child care options available to Head Start-eligible families. Consequently, it is possible that federally funded Head Start slots in some areas remain unfilled even while eligible children elsewhere remain on waiting lists. Given these potential challenges, and in anticipation of Head Start's reauthorization, you asked that we determine the extent to which Head Start grantees were underenrolled and that we identify potential causes of underenrollment. As agreed with your offices, our review addresses: (1) what is known about the extent to which Head Start programs are underenrolled, (2) what factors may have contributed to

underenrollment, and (3) what actions ACF and grantees have taken to address underenrollment.

To determine what is known about the extent to which Head Start programs are underenrolled, we attempted to verify the accuracy of national enrollment data, interviewed ACF headquarters officials, and reviewed federal guidance and regulations on enrollment. Because we determined that national enrollment data were not reliable and because the regional offices have primary responsibility for identifying and addressing underenrollment, we surveyed all 10 ACF regional offices and the American Indian-Alaska Native Program Branch.[1] We asked them to identify the threshold below which they consider underenrollment to be unacceptable and to identify grantees with enrollment levels beneath this threshold. To gather further details on the process by which regions identify and address underenrollment, we interviewed regional officials in 3 regions—region III (covering Delaware, the District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia), region V (Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin), and region IX (Arizona, California, Hawaii, Nevada, and the Pacific Insular Areas)—selected on the basis of geographical representation and the number of underenrolled grantees they reported to us. To determine what factors ACF officials and Head Start grantees believed contributed to underenrollment and to identify actions they took to address it, we surveyed all 10 ACF regional offices and the American Indian-Alaska Native Program Branch office, selected and interviewed 25 grantees identified by regional offices as unacceptably underenrolled, and conducted site visits to 3 regional offices listed above. We performed our work between May and October 2003 in accordance with generally accepted government accounting standards. Appendix I further describes our scope and methodology.

Results in Brief

The extent to which Head Start programs are underenrolled is unknown because ACF does not collect accurate national data and its regional offices do not monitor grantee enrollment in a uniform or timely manner. The agency surveys grantees annually to determine national enrollment levels, but we found these data contained many inaccuracies and were

[1]We did not survey the Migrant and Seasonal Program Branch due to the program's distinct seasonal operating schedule. We generally will refer to the 10 regions and 1 program branch we surveyed as "regional offices" or "regions" throughout the report.

unavailable during the current program year for regional use in monitoring grantees. Consequently, we could not determine the extent to which Head Start grantees had enrollments below 100 percent of funded enrollment, which is how HHS' regulations define underenrollment. We found that three regional offices did not set a threshold below which they view underenrollment as unacceptable, while the other regions use thresholds ranging from anything below 100 percent to enrollment below 74 percent. We also found that the approaches regions used to identify unacceptable levels of underenrollment, such as visits to grantees and reviews of grant re-funding applications and grantee audits, were either not timely or did not systematically address underenrollment. Using varying thresholds, the regional offices identified a total of 170 grantees as unacceptably underenrolled in program year 2001-02, or about 7 percent of all grantees. By contrast, using the regulatory definition of underenrollment, survey data indicated that as many as half or more of the grantees could be underenrolled. As a result of differences in regional thresholds for what constitutes an unacceptable level of underenrollment, grantees with similar levels of underenrollment may be treated differently across regions.

ACF regional officials and officials of underenrolled Head Start grantees often cited combinations of factors that made it difficult to achieve acceptable levels of enrollment, including increasing parental demand for full-day child care and decreasing numbers of eligible children. Providing full-day care was said to be more expensive than providing part-day care because it would require more facility space and staff per child. To make full-time slots available, many grantees we spoke with were attempting to expand their facilities or partner with other programs. However, 14 of the 25 grantees we interviewed reported having difficulty acquiring and developing adequate facilities. Underenrolled grantees and regional officials also said that underenrollment occurred because parents were increasingly seeking services from other early education and child care programs, some of which subsidized care provided by relatives. Other contributing factors were less frequently cited, such as eligible families moving from the service area, language and cultural differences between children's families and program staff, and weak or inadequate outreach efforts by grantees to locate eligible families.

ACF national and regional offices and grantees all report taking actions to address underenrollment, such as issuing guidance, increasing monitoring, and more aggressively trying to recruit participants. The ACF national office issued a memorandum in April 2003 that instructed regional offices to address underenrollment in particular ways depending on its underlying

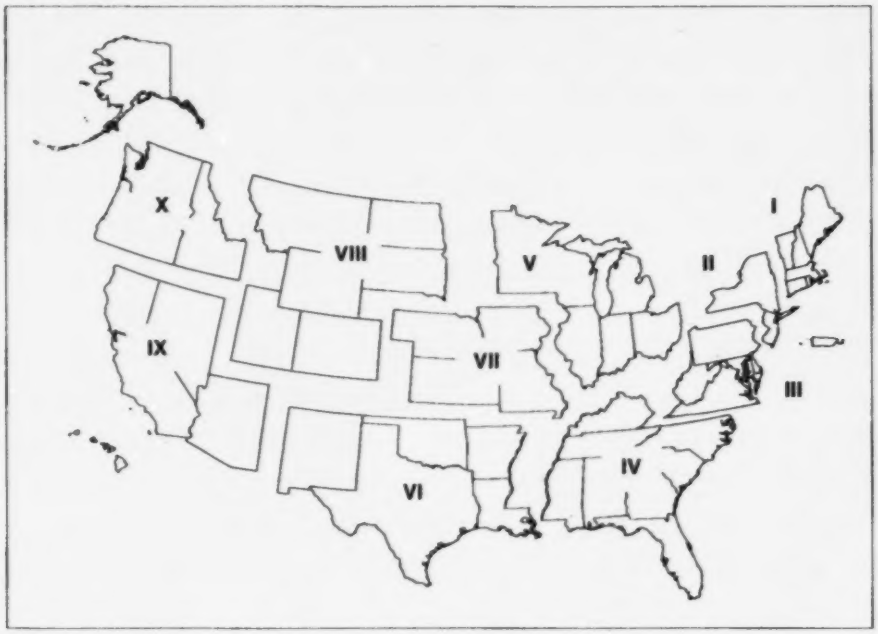
cause. However, the guidance lacked clear criteria for prioritizing which grantees should be subject to corrective action based upon their level of underenrollment. According to regional officials, the actions they most frequently took to address underenrollment were to monitor enrollment levels, track improvement efforts, and provide training and technical assistance. Many grantees we spoke with have also taken steps to address underenrollment, such as increasing their outreach efforts, seeking partners to help them provide more full-day service, or increasing the availability of full-day slots. Furthermore, some grantees told us of their concern to maintain total funded enrollment levels, even as they were converting unfilled part-day openings to full day. Consequently, in some instances, grantees attempting to convert part-day slots to full-day slots said they had to expand facilities or find other child care partners in order to serve the same number of children. While 18 of the 25 grantees we contacted had made progress toward achieving full enrollment, others cited continuing problems.

To improve ACF's ability to identify and address underenrollment in a more systematic and timely manner, we are making recommendations that the agency improve the quality of enrollment data and establish more uniform criteria and procedures for identifying and addressing underenrollment.

Background

Head Start was designed to help break the cycle of poverty by providing comprehensive educational, social, health, nutritional, and psychological services to low-income children. Head Start is authorized to serve children at any age prior to compulsory school attendance. Originally, the program was aimed at 3- to 5-year-olds. A companion program begun in 1994, Early Head Start, made these services available to children from birth to 3 years of age as well as to pregnant women. Head Start and Early Head Start programs are administered by ACF, which funds and monitors more than 1,500 grantees through its 10 regional and 2 branch offices. (See fig. 1) ACF's national office has responsibility for overseeing and providing guidance to the regional offices, as well as for administering and collecting annual survey data from grantees.

Figure 1: ACF Regions



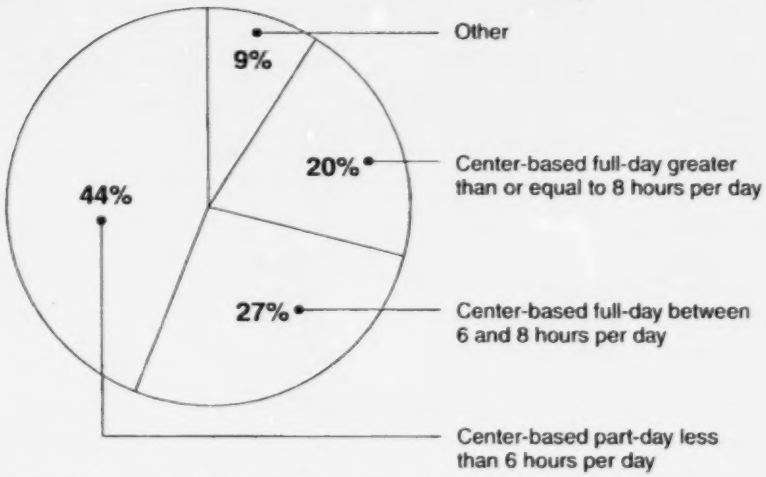
Source: ACF.

Head Start grantees include community action agencies, school systems, for-profit and nonprofit organizations, other government agencies, and tribal governments or associations. Also, many Head Start grantees provide services by subcontracting with other organizations, known as delegate agencies. In fiscal year 2002, Head Start grantees served more than 912,000 children, a 69 percent increase over the number of children served in 1990. Head Start has traditionally been a part-day, part-year program, but currently serves more children on a full-day basis, which is defined as 6 hours or more a day, than on a part-day basis. Approximately 47 percent of children served by Head Start were enrolled in a center-based full-day program for 6 hours or more a day.[2] Less than 20 percent of children enrolled in Head Start receive 8 hours or more of center-based services a day. As of 2001-02, about 44 percent of Head Start children were

[2]Center-based programs are those where services are provided to children primarily in classroom settings.

enrolled in a part-day center-based program. Figure 2 shows the percentages of Head Start services provided on a full-day or part-day basis.

Figure 2: Distribution of Head Start Services between Full-day and Part-day


9%
Other
20%
Center-based full-day greater than or equal to 8 hours per day
44%
27%
Center-based full-day between 6 and 8 hours per day
Center-based part-day less than 6 hours per day

Source: GAO analysis of 2001-02 Program Information Report Data.

Head Start funds are allotted among the states based on their 1998 allocation and, for funds exceeding that amount, by formula based on the number of children in each state under the age of 5 from families whose income is below the federal poverty level.[3] Head Start grantees are required to provide at least 20 percent of annual program funding, which can include in-kind contributions, such as facilities for holding classes. During the award process, Head Start grantees receive from ACF regional officials their level of funded enrollment—the number of children the grantee is to serve.

Head Start regulations require that at least 90 percent of the children enrolled in Head Start come from families with incomes at or below the federal poverty guidelines, from families receiving public assistance, or from families caring for a foster child. While the poverty guidelines are

[3]For 2003, the federal poverty line for a family of four was $18,400 within the 48 contiguous states and the District of Columbia. In Alaska and Hawaii, the guidelines were $23,000 and $21,160, respectively. The poverty guidelines are updated periodically in the Federal Register, by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).

firm, grantees have some flexibility in determining income eligibility. For example, grantees can use the 12 months prior to the month the family applied to Head Start or the previous calendar year as a basis for determining income eligibility. Also, once a family is determined to be eligible in 1 program year, it is considered eligible for the subsequent program year, for a total of 2 years. Additionally, families that participate in the Temporary Assistance for Needy Families program (TANF) or the Supplemental Security Income program (SSI)[4] or that care for a foster child are eligible for Head Start services even when family income exceeds the poverty guidelines. Grantees may fill up to 10 percent of their slots with children from families that exceed the low-income guidelines.

An enrollment occurs when a Head Start program officially accepts a child and completes all necessary steps to begin providing services. If a child is chronically absent and the grantee cannot serve the child in another way, the child's slot is considered vacant. Once a slot is vacant, the grantee generally must fill it within 30 days to be considered fully enrolled. Consequently, actual enrollments can fluctuate somewhat throughout funding periods. Head Start regulations require grantees to track program attendance on a daily basis. However, grantees are asked to annually report enrollment levels for any 2 months they choose as part of ACF's annual Program Information Report (PIR) survey. ACF regions may require grantees to report enrollment data more frequently.

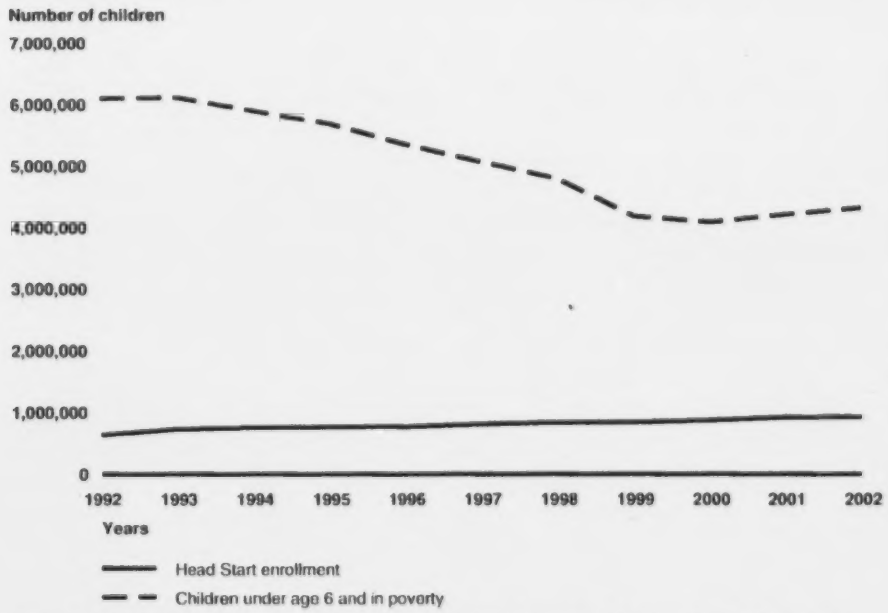
Head Start regulations require grantees to maintain enrollment at 100 percent of the funded level and regional offices have primary responsibility for identifying and addressing underenrollment.[5] However, as a practical matter, not all grantees are able to continually sustain enrollment at the fully funded level. Underenrollment can occur for a variety of reasons and can vary from month to month in a given program. Therefore, before deciding that underenrollment is unacceptable and taking action, the regions take into consideration a variety of factors about underenrollment, including its level and duration, its causes, and the actions taken by grantees to address it.

[4]Under TANF, the federal government provides grant funds to states, territories, and tribes for their programs to assist needy families with children. SSI pays monthly benefits to people who are age 65 or older or blind or have a disability and who do not own much or have much income.

[5]Enrollment ratio is the ratio of actual enrollment to funded enrollment; therefore, a grantee with 100 funded enrollment slots and an actual enrollment of 95 has an enrollment ratio of 0.95, or 95 percent.

The number of children eligible for Head Start services on the basis of being below the poverty line has decreased over the last decade, falling from over 6 million children in 1992 to just over 4 million in 2000. By 2002, the number of children under age 6 living in poverty had increased to nearly 4.3 million. Over the same period, Head Start enrollment has increased to over 910,000 children—a level that is significantly below the number of children living in poverty. (See fig. 3.) However, it should be noted that Head Start predominately serves children ages 3 and 4, who make up only a portion of all children under 6 living in poverty.

Figure 3: Head Start Enrollment Compared with Children Under Age 6 Living in Poverty (1992-2002)



Source: Poverty data are taken from the Census Bureau's Current Population Survey, Annual Social and Economic Supplements. Enrollment figures are from ACF's PIR data.

Note: Data on number of children under age 6 living in poverty includes only those residing with a relative.

In addition, during the 1990s, the number of other federal and state programs offering services to low-income children increased substantially. For example, welfare reform in 1996 greatly expanded the Child Care Development Fund (CCDF) and also allowed TANF funds to be used for

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child care.[6] For fiscal years 1997 through 2002, these programs increased their investment in children; CCDF spending increased from $2.5 billion to $6.4 billion and TANF spending on child care increased from $13 million to $1.6 billion.[7] (See fig. 4.) On the state level, one study cited by the Congressional Research Service (CRS) found that state spending on prekindergarten programs increased from about $700 million in 1991-92 to about $1.7 billion in 1998-99.[8] Over the same period, the number of children served by these programs has increased from 290,000 to 725,000.

[6]Other federal programs that support early childhood education for children under 5 years include Special Education Preschool grants under the Individuals with Disabilities Education Act, preschool programs under Title I, and Even Start. See *Education and Care: Head Start Key Among Array of Early Childhood Programs, but National Research on Effectiveness Not Completed*, GAO-03-840T (Washington D.C.: July 22, 2003).

[7]CCDF child care funds can be used for families with children up to age 13. In 2000, we reported that an estimated 70 percent of CCDF funds and 7.5 percent of TANF funds were used for child care for children under age 5 in fiscal year 1999. See *Early Education and Care: Overlap Indicates Need to Assess Crosscutting Programs*. GAO/HEHS-00-78. Washington D.C.: April 28, 2000.

[8]See Blank, Helen, with Karen Schulman and Danielle Ewin. *Seeds of Success, State Prekindergarten Initiatives*, 1998-99. Children's Defense Fund, September 1999 as cited in *Early Childhood Education: Federal Policy Issues*, CRS, (Washington, D.C.: January 27, 2003).

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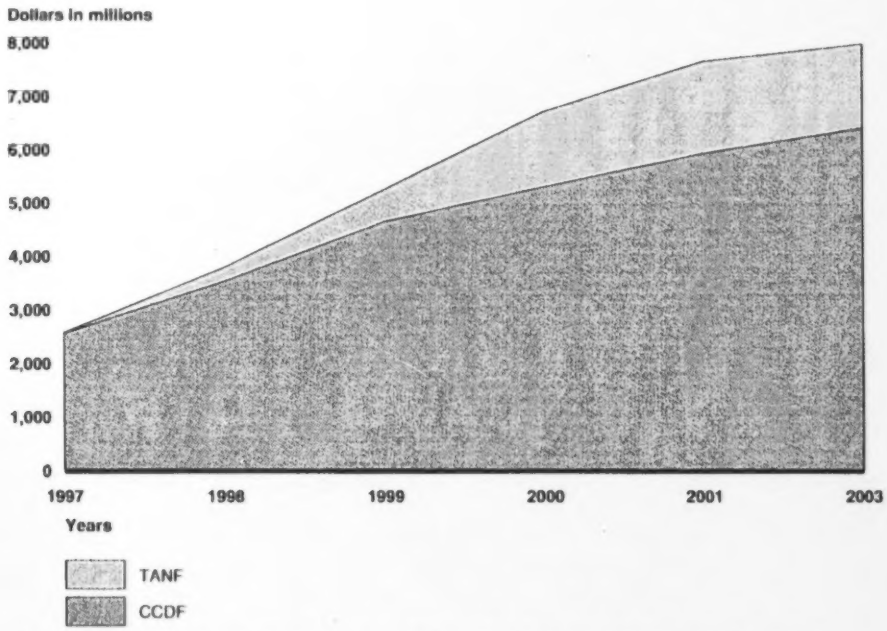
Figure 4: Growth in Federal Investment in Child Care, Fiscal Years 1997 through 2002 in Nominal Dollars



Sources: CRS Report, Child Care: Funding and Spending under Federal Block Grants, March 19, 2002 and ACF budget figures.

Note: CCDF amounts include dollars states transferred from their TANF programs to CCDF as allowed under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The amounts shown for TANF include only those TANF funds expended for child care.

Expanding federal and state early childhood programs has increased the need for coordination to better ensure that services are provided in a complementary fashion. One way that Head Start encourages coordination is by requiring all grantees to periodically prepare community assessments that analyze trends in the number of eligible children in their jurisdictions and assess the other early childhood services provided in the area. While grantees are not required to coordinate with other service providers, ACF has issued guidance encouraging grantees to coordinate with other providers in order to provide more full-day services. Also, in recent years, ACF has used some Head Start expansion money to build partnerships with child care providers to deliver full-day, full-year services. As another way to increase coordination, HHS has been authorized since 1998 to provide additional funds to states to encourage such collaboration.

The Extent to Which Head Start Programs Are Underenrolled is Not Known

The extent to which Head Start programs are underenrolled is unknown because ACF does not collect accurate national data and it does not monitor grantee enrollment in a uniform or timely way. Specifically, national enrollment data contain many inaccuracies and regional offices use a variety of thresholds to define "unacceptable" levels of underenrollment.[9] Additional approaches used by the regions to identify underenrollment do not systematically address underenrollment or provide timely information. Using varying thresholds, the regional offices identified 170 grantees as unacceptably underenrolled in program year 2001-02, or about 7 percent of all grantees. By contrast, the agency's annual survey data indicated that as many as half or more of the grantees were enrolled at less than 100 percent—the enrollment level grantees are required to maintain under Head Start regulations. Overall, regions' use of different thresholds for unacceptable underenrollment suggests that regions may treat grantees with similar enrollment ratios differently.

ACF Annual Grantee Surveys Contain Inaccurate Enrollment Data

ACF's annual survey of grantees—the only source of nationwide information on grantee enrollment rates—contained many inaccuracies. The PIR survey, as it is known, requests actual enrollment figures for any 2 months that grantees choose to report. When we attempted to verify 2001-02 PIR enrollment data for 19 of the grantees, we found that 8 had reported erroneously. For 6 underenrolled grantees, we found they underreported their enrollment ratio by an average of 25 percent. We also found that 2 overenrolled grantees had erroneously reported enrollment ratios that were over 200 percent. A similar review by ACF of 75 grantees and delegate agencies[10] that had reported particularly high or low enrollment levels found that approximately half had erroneously reported their actual numbers. GAO and ACF found a variety of causes that grantees cited for misreported enrollments, including typographical errors, failure to report children who were enrolled in the home-based or after-

[9]While 100 percent of funded enrollment is required by Head Start regulations, as a practical matter underenrollment can occur as a result of programmatic fluctuations. Consequently, we asked the regional offices to identify the threshold, if any, they used for determining when a grantee's level of enrollment compared with its total funded enrollment was "unacceptable." We then asked regional officials to report back to us the grantees they were aware of that fell beneath this threshold.

[10]A delegate agency means a public or private nonprofit organization or agency to which a Head Start grantee has delegated all or part of its responsibility for operating a Head Start program. For the remainder of the report, we will refer to grantees and delegate agencies as grantees only.

school programs, and reporting on 2 months in which enrollment was not their highest.

Regional Monitoring Efforts Employed Varied Criteria and Lacked Timely Data

We found that ACF regional offices employed different criteria and used a variety of data sources and approaches to determine if a grantee is underenrolled. Given that regional offices are responsible for identifying and monitoring underenrollment, we asked regional offices to identify their operational criterion for an unacceptable level of underenrollment. Of 11 regional offices we surveyed, we found that 3 did not utilize a specific threshold to distinguish between acceptable and unacceptable underenrollment, while the other 8 offices used different thresholds. Each of the 3 regions that did not have a set threshold for "unacceptable" underenrollment indicated that underenrollment was treated on a case-by-case basis that would take into consideration the degree of underenrollment and other factors, including the grantee's efforts to increase enrollment. For the regions that specified thresholds of "unacceptable" underenrollment, these thresholds ranged from any enrollment ratio below 100 percent in 3 regions to below 74 percent in one region (See table 1.)

Table 1: ACF Regional Thresholds for Unacceptable Levels of Underenrollment

ACF region or branch and coverage area	Thresholds for unacceptable underenrollment
Region I Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont	No threshold
Region II New Jersey, New York, Puerto Rico, and U.S. Virgin Islands	No threshold
Region III Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia	Less than 97 percent
Region IV Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee	Less than state average[a]
Region V Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin	Less than 100 percent
Region VI Arkansas, Louisiana, New Mexico, Oklahoma, and Texas	No threshold
Region VII Iowa, Kansas, Missouri, and Nebraska	Less than 74 percent
Region VIII Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming	Less than 95 percent
Region IX Arizona, California, Hawaii, Nevada, and Pacific Insular Areas	Less than 95 percent
Region X Alaska, Idaho, Oregon, and Washington	Less than 100 percent
American Indian-Alaska Native Program Branch—23 of 50 states	Less than 100 percent

Source: GAO survey of ACF regional offices and ACF.

[a]State average in region IV refers to the average enrollment level of all Head Start grantees for each state within the region.

ACF regional offices reported that they identify unacceptable underenrollment primarily by visiting grantees every 3 years and also by engaging grantees in periodic dialogue. More than half of the regions also said that they relied heavily on PIR data and on their review of grant-refunding applications. Finally, 5 regions indicated that they rely to a great

extent on their reviews of annual audits of grantees. Table 2 presents the extent to which regional offices rely on various approaches to identify underenrollment.

Table 2: Number of ACF Regions Relying on Various Methods to Oversee Head Start Grantee and Delegate Agency Enrollment Levels

	Extent relied upon		
	Great or very great	Moderate	Some, little, or no
On-site monitoring	11	0	0
Periodic dialogue with grantees	10	1	0
Review of grant re-funding application	8	2	1
Analyze PIR data	7	3	1
Review of annual audits	5	3	3

Source: GAO survey of ACF regional offices.

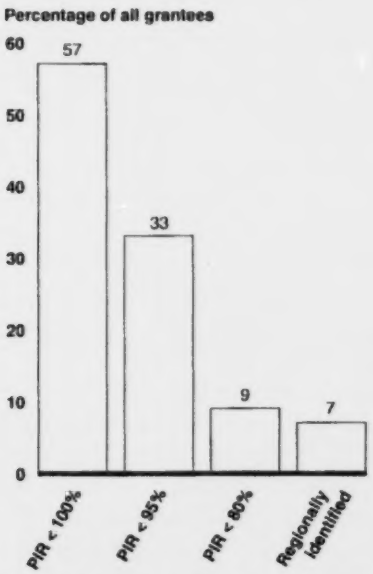
Each of the approaches used by regional offices to monitor enrollment is lacking in timeliness or accuracy, or is not used systematically to monitor underenrollment. For example, in 3 regions we visited, ACF officials commented that while the on-site visits are designed to systematically assess underenrollment, the visits do not provide timely information because they are only conducted every 3 years. Conversely, while most regional officials we surveyed said that they rely on periodic discussions with grantees to identify underenrolled grantees, regional officials we visited said that they do not systematically discuss enrollment levels with grantees during this process. Officials from one region we interviewed also said that enrollment data included in grant re-funding applications are not informative because the data are based on forecasts. Also, while surveyed officials listed the PIR data as a key resource, those we spoke with said it was not necessarily accurate or timely due to the fact that data arrive after the subsequent program year has begun. Finally, regarding the use of annual audits, regional officials we spoke with said they did not always receive them for all grantees and that the audits they did receive do not necessarily comment on grantee enrollments.[11]

[11]Currently, under the Single Audit Act any state or local government or nonprofit organization that spends $300,000 or more per year ($500,000 for fiscal years ending after December 31, 2003) in federal funds must have its financial statements, internal controls, and compliance with federal laws and regulations audited.

National Data on the Extent of Underenrollment Differs from Regionally Reported Data on Number of Unacceptably Underenrolled Grantees

Applying a range of underenrollment thresholds to national data indicates that a higher percentage of grantees may be underenrolled than what was reported to us by regional offices. Regional offices, using a range of enrollment thresholds, reported to us that about 7 percent of grantees were unacceptably underenrolled. Comparatively, PIR survey data indicated that more than 50 percent of Head Start grantees had enrollment ratios below 100 percent—the regulatory definition of fully enrolled. PIR data also showed a significantly higher proportion of grantees—33 percent—reported enrollment ratios below 95 percent than the 7 percent of grantees reported as unacceptably underenrolled by the regional offices. Finally, PIR data showed that a similar proportion of grantees—about 9 percent—reported an enrollment ratio below 80 percent as the 7 percent of unacceptably underenrolled grantees reported to us by the regions. (See fig. 5.)

Figure 5: Comparison of Enrollment Ratios as reported in 2001-02 PIR Survey with Unacceptably Underenrolled Grantees as Reported by ACF Regions



Source: GAO analysis of ACF regional office survey responses and PIR data.

The portion of grantees that regions reported as unacceptably underenrolled differed from what would have been identified by applying the regional threshold to national PIR data. When compared with the percentage of unacceptably underenrolled grantees reported by regions,

PIR data show larger percentages of grantees below these thresholds for each region that specified a threshold. This was true even in regions that indicated they relied on PIR data to a great or very great extent. (See table 3). For example, region V, using a threshold of 100 percent for unacceptable underenrollment, reported to us that slightly less than 2 percent of its grantees were unacceptably underenrolled in 2001-02. PIR data from that same year indicate that about 62 percent of region V grantees had enrollment ratios less than 100 percent—a difference of 60 percentage points from what was reported to us. In fact, only regions III and VII, of the 7 regions in table 3 with clearly defined thresholds for unacceptable underenrollment, reported to us a percentage of unacceptably underenrolled grantees that was within 10 percentage points of what PIR data show using the same threshold. While we do not think that PIR data are reliable for reporting national enrollment figures, the regional offices based what they reported to us in part on their review of PIR data.

Table 3: Percentage of Head Start Grantees, by Region, Reported as Unacceptably Underenrolled by ACF Regions with Unacceptable Underenrollment Thresholds, Compared with PIR Data at the Same Thresholds

Region/program branch	Regionally defined unacceptable underenrollment threshold	Percentage of grantees reported by ACF regions as being unacceptably underenrolled in 2001-02	Extent to which regional office reported relying on PIR data	Percentage of grantees reporting enrollment ratios at less than regionally defined unacceptable underenrollment threshold using 2001-02 PIR survey
Region V Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin	Less than 100 percent	1.7	Moderate	62
Region X Alaska, Idaho, Oregon, and Washington	Less than 100 percent	13.6	Great	64.8
American Indian-Alaska Native Branch – 23 of 50 states	Less than 100 percent	44.5	Great	59.8
Region III Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia	Less than 97 percent	14.3	Very great	21.4
Region VIII Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming	Less than 95 percent	4.3	Some	26.1
Region IX Arizona, California, Hawaii, Nevada, and Pacific Insular Areas	Less than 95 percent	0.9	Moderate	33.8
Region VII Iowa, Kansas, Missouri, and Nebraska	Less than 74 percent	2.2	Great	8.2

Source: GAO analysis of survey responses from ACF regional offices and PIR data.

Differing Definitions of Underenrollment Create Potential for Uneven Treatment of Grantees across Regions

As a result of differences in regional definitions of what constitutes an unacceptable level of underenrollment, grantees with similar levels of underenrollment may be treated differently across regions, particularly in areas without a defined threshold. Regional offices reported to us that they take a variety of actions to address unacceptable underenrollment, including increased monitoring, technical assistance, and, occasionally, enforcement actions, including recouping funds and reducing future grant

awards. To the extent that differing thresholds affect the identification of deficiencies that would lead to these actions, regions may subject grantees to different treatment. For example, as shown in table 4, although a higher percentage of grantees in region II have enrollment levels below 95 percent than in region III, according to PIR data (44 percent versus 18 percent), region II considers only 3 percent of its grantees unacceptably underenrolled, while region III considers 14 percent of its grantees unacceptably underenrolled. This discrepancy may be attributable to the fact that region II lacks a threshold for defining unacceptable enrollment, while region III has set a threshold of 97 percent. As a result, more grantees in region III have been subject to monitoring and enforcement actions.

Table 4: Comparison of Region II and III Grantees Identified as Underenrolled

	Region II—New Jersey, New York, Puerto Rico, and U.S. Virgin Islands	Region III—Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia
Percentage of grantees with enrollment ratio below 95% according to PIR	44.4 %	17.6 %
Threshold for unacceptable enrollment	No threshold	Less than 97%
Percentage of grantees reported to us by region as unacceptably underenrolled	2.7	14.3

Source: GAO analysis of survey responses from ACF regional offices and PIR data.

Regional and Grantee Officials Often Cited Combinations of Factors as Responsible for Underenrollment

ACF regional officials and officials of underenrolled Head Start grantees often cited a mixture of factors that made it difficult to achieve full enrollment, including increased parental demand for full-day child care and a decrease in the number of eligible children. Many said welfare reform has increased the number of working parents, increasing demand for full-day child care and reducing the number of eligible children. Also, more than one-half of the grantees we interviewed reported they were having difficulty acquiring and developing adequate facilities. Meanwhile, underenrolled grantees and ACF regional officials also said that underenrollment was occurring because more parents were seeking services with other early education and child care programs, some of which subsidized care with relatives. Other contributing factors, such as eligible families moving from the service area, language, and cultural differences between children's families and program staff, and weak or inadequate recruiting efforts by the grantees, were less frequently cited.

Multiple Factors Often Linked to Underenrollment

Many grantees indicated that the combination of multiple factors had fostered underenrollment for their program. Nearly two-thirds of the underenrolled grantees we spoke with cited two or more contributing factors. For example, one northern California grantee believed that underenrollment was caused by a decrease in income-eligible children in its area, because the high cost of living and a shortage of affordable housing in the area, and also by the number of families moving from welfare to work. In addition to citing the decrease in eligible children, this grantee expressed a need for more full-day slots, and reported facing increasing competition from day care programs that reimbursed relatives or friends to provide full-time child care. Similarly, one New Jersey grantee experiencing problems acquiring a new facility was also affected by a state supreme court decision requiring free preschool for poor children. Additionally, this grantee felt that it was losing eligible children as a result of families on welfare finding jobs and needing more full-day slots. A commonly cited combination of factors—cited by 8 of the 25 grantees we interviewed—was the simultaneous shortage of full-day slots and the movement of families out of welfare and into the workforce.

Increased Demand for Full-day Care, Facilities Problems, and Increased Availability of Other Programs Most Frequently Cited as Affecting Underenrollment

Regional and grantee officials most frequently cited the increased demand for full-day child care, construction delays and inadequate facilities, and the increased availability of early education and child care programs as the factors causing underenrollment. Other factors, such as high turnover rates and income eligibility criteria were also cited, but less frequently. Each of the factors affecting underenrollment that grantees and regions cited is described in more detail in the following sections. Appendix II lists the factors identified by regions as contributing to grantee underenrollment, and appendix III lists factors identified by grantees.

Grantees and Regions Said Movement of Families from Welfare to Work Affected Enrollment and Increased Demand for Full-day Care

Both regional and grantee officials said that the movement of low-income families from welfare to work had contributed to underenrollment. Seven of 11 regions cited the movement of low-income families from welfare to work as either a major or a moderate reason for grantees' underenrollments. Similarly, of the 25 grantees we contacted, 11 cited this factor. Regional officials and grantees suggested the movement from welfare to work affected enrollments in two ways. First, as many parents began to work full-time, they increasingly needed full-day care. When Head Start grantees could not meet this need, some eligible families secured child care elsewhere. Second, some families entered work and earned income that disqualified their children from Head Start programs. A number of grantees related specific examples of how the movement from welfare to work affected enrollments. For example,

- A large grantee in Illinois said that many former welfare recipients who need full-day child care services no longer qualify for Head Start because they earn wages just above the Head Start income guidelines or work rotating schedules to avoid using formal child care services.
- A grantee in California said that the cost associated with switching to full-day care sometimes is a barrier to meeting families' needs.

Construction Delays and Inadequate Facilities Affected Enrollments

Of the 25 underenrolled grantees we surveyed, 14 reported that difficulty acquiring and developing adequate facilities contributed to underenrollment. Similarly, over half of the 11 regions reported that underenrollment was linked to a major or moderate extent to facilities being completed more slowly than expected. For example, an Eastern grantee was unable to serve children in need of full-day care because it lacked classrooms and found it difficult to acquire more space. In the Midwest, 2 grantees reported that their inadequate facilities kept them from filling about 1,800 funded slots—43 percent of their funded slots—even though many eligible families desired Head Start services for their children. The grantees said that they had difficulty acquiring alternate facilities: some potential sites were environmentally unsuitable, while others faced neighborhood opposition. In another case, an American Indian grantee that had 25 unfilled Early Head Start slots expects to achieve 100 percent enrollment in the fall of 2003 when a new facility is scheduled to open.

Other Early Education and Child Care Programs Can Affect Enrollments

Regional and grantee officials often indicated that competition from other early education or child care centers serving low-income preschool children contributed to Head Start underenrollment. Seven of 11 regions cited this factor as a major or moderate contributor to underenrollment, and 8 of 25 grantees we interviewed identified this factor. In addition, 5 grantees said that a closely related factor also reduced families' use of Head Start—the availability of state subsidies to pay relatives or friends for child care.

Officials in 2 regions provided specific examples of increased availability of other programs having a negative impact on Head Start enrollment. According to region V officials, the availability of other programs had a major impact on a large grantee in Michigan when the public school system increased its preschool programming and as a result increased the options available to Head Start-eligible children. As a result, the grantee sustained a shortfall of almost 2,000 children.

Grantees also reported specific examples of increased availability of other programs having a negative impact on Head Start enrollment:

- A large underenrolled grantee on the East Coast said that availability of prekindergarten programs at public and charter schools is the most important reason its delegate agencies are underenrolled.
- A medium-sized grantee in Oklahoma with 454 funded slots indicated that in the 2001-02 school year, the local public school started a preschool program for 4-year-old children that resulted in a slight decline in Head Start enrollments at some of its service centers.
- Officials representing a smaller grantee in Georgia with 161 funded slots said that their program was affected in 2001-02 when the state funded a prekindergarten program in public schools. Specifically, the grantee said that some children who had been pre-enrolled for Head Start switched to the state-funded program.

Regional and grantee officials also indicated that state subsidies for unlicensed child care caused some grantees to be underenrolled. Officials of region IX (Arizona, California, Hawaii, Nevada, and Pacific Insular Areas) said that increasingly, low-income parents make use of state child care subsidies to pay for child-care exempt from licensing standards, such as care provided by friends or nonresident relatives. Region IX officials believed this had a significant impact on reducing Head Start program enrollments. In another example, a grantee in Pennsylvania saw its enrollments drop after the state allowed parents to use state child care subsidies to pay nonlicensed child care providers such as relatives and friends. In another instance, a grantee in California said that since its program primarily offers part-day/part-year services, many families chose to use subsidized, license-exempt care by relatives or friends who can provide full-day or part-day care.

Other Factors Affected Enrollments, but Were Cited Less Frequently

Less frequently, regions and grantees also cited other factors as negatively influencing Head Start enrollment. Eight grantees indicated that eligible families had moved from their service areas, often because of the high cost of living, increasing underenrollment. Three regions also reported that high turnover rates among enrolled children contributed moderately to underenrollment.

Five grantees indicated that the income-eligibility criterion for Head Start was too low in their high-cost areas. For example, 4 underenrolled California grantees said that even relatively poor families were disqualified from Head Start participation because their incomes, though inadequate to meet the basic costs in the local area, were above the federal poverty guidelines. Officials of an underenrolled grantee in Oakland indicated that during the 2002-03 program year they had denied Head Start services to over 100 families because their incomes exceeded the current poverty

guidelines. The other three California grantees said that they were also turning families away because they were slightly over the income guidelines. Grantees said that families just over the federal poverty guideline cannot afford to send their children to education and child care programs equivalent in quality to Head Start programs.

Four regions cited inadequate program management factors, such as weak recruitment efforts, as a major or moderate contributor to underenrollment. Five grantees also cited such factors as inhibiting Head Start enrollments. Inadequate program management was characterized by weak recruitment efforts, not developing or using waiting lists of Head Start-eligible children, and planning enrollment expansions poorly. For example, a grantee in Pennsylvania agreed to expand enrollment by 144 slots, and although the grantee received increased funding in the 2000-2001 program year, grantee officials said they had difficulty filling the additional slots because of inadequate planning by the previous management team.

Three grantees in California noted that language and cultural differences between eligible Head Start families and program staff complicated outreach and consequently reduced enrollments from some minority groups. One grantee indicated that families in its service area spoke over 25 languages at home. Another grantee said it was difficult to find staff that spoke the same languages as the families needing service.

ACF and Grantees Use a Variety of Approaches to Address Underenrollment

ACF national and regional offices and grantees all report taking action to address underenrollment, such as issuing guidance, increasing monitoring, and attempting to conduct broader outreach efforts. The ACF national office issued a memorandum instructing regional offices to address underenrollment, and all ACF regions we surveyed said that they have increased their monitoring efforts. Some ACF regions have also taken action to reduce grantees' funding and recoup federal funds. Many grantees we spoke with have increased outreach efforts, sought partners to help provide more full-day services, and increased the capacity of physical facilities. While 18 of the 25 grantees we contacted had made progress toward achieving full enrollment, others cited continuing challenges.

ACF-Issued Guidance for Managing Underenrollment Lacks Specific Criteria for Priority Review and Corrective Action

In April 2003, ACF headquarters issued policy guidance to its regional offices instructing them to take specific actions with underenrolled grantees, although it provided no particular instructions for the review process or any criteria for prioritizing grantees for corrective action. The guidance instructs regional officials to address underenrollment depending on four possible causes. For example, if the grantee can demonstrate that an inappropriate program option is causing underenrollment, the guidance instructs regions to carefully consider grantee requests to make changes to their services, such as converting current part-day slots to full-day slots. The four causes identified in the guidance and the recommended actions are summarized in table 5.

Table 5: April 2003 National Head Start Guidance to ACF Regions

	Category of underenrollment	Expected regional action
1	Temporary in nature (e.g., awaiting completion of a new facility).	Ask grantee to document in writing when it will return to full enrollment. Periodic follow-up by assigned regional program specialist. Reevaluate grantee status if it remains in this category for more than several months.
2	Attributable to a nonimplemented expansion (i.e., where a grantee that was given expansion funding to serve an increased number of children failed to enroll these children within a reasonable time period).	Generally, all grantees must have the additional children enrolled in their programs within 1 year of receiving their grant expansion. Regions should • track grantee expansion, • contact grantee and discuss reasons for delays, • judge whether grantee is making sufficient progress to warrant extension, • require an implementation plan for any extension, which must not exceed 6 months, and • inform the grantee in writing that expansion funds will no longer be available if at any time the region determines that the grantee will not be able to implement its approved expansion in a reasonable time period.
3	Attributable to demographic changes that have reduced the number of eligible children in the grantee's service area.	Determine an appropriate reduction in the grantee's enrollment and funding levels. ACF's general policy will be to • give the grantee appropriate notice that a funding reduction will be initiated, • implement funding reductions at the time a grant is being refunded, based on a grantee's historical underenrollment problems, and • reduce funding proportionate to the degree of underenrollment (i.e., on a cost per child basis adjusting for those grantee costs that are not directly related to enrollment such as the salaries and fringe benefits of management staff.
4	Not attributable to any of the above causes, but occurring because of grantee management issues. This would include poor community outreach, inadequate needs assessments, inappropriate program options, inadequate transportation services, poor facility planning, lack of coordination with other community providers, such as prekindergarten programs, or any other management problems causing underenrollment.	Make an on-site monitoring visit to the grantee to fully assess the reasons for underenrollment. The assessment could result in the region designating the grantee as deficient. (The region may designate a grantee as being in non-compliance rather than deficient if it determines underenrollment is an isolated issue that does not seem to be part of a more systemic problem with the grantee's ability to provide an appropriate level of Head Start services.) A deficient grantee is required to submit a Quality Improvement Plan (QIP) indicating how, within 1 year or less, it will achieve full enrollment. This could be accomplished by fixing the problem causing the underenrollment or by agreeing to an enrollment reduction that would bring the grantee to its full enrollment level, or some combination thereof. The region should monitor the grantee's progress in implementing its QIP and provide any appropriate technical assistance. If the underenrollment has not been corrected at the end of the QIP period, the region needs to initiate an adverse action against the grantee, which would be termination or denial of re-funding. If an inappropriate program option is a major factor causing underenrollment, regions must consider a grantee's request to reconfigure its program options. Changes such as conversion of part-day slots to full-day or reduction of double sessions may include some proposed reduction for enrollment levels. Each such proposal should be judged on its own merits, including the extent to which the grantee proposes to collaborate with other community providers and the extent to which the proposed reconfiguration is supported by data from the grantee's current community assessment.

Source: GAO analysis of ACF memorandum.

The April guidance does not suggest any systematic process for identifying underenrolled grantees, nor does it specify criteria for prioritizing when grantees should be subject to corrective action based on their level of underenrollment. One regional official said that the lack of a threshold offered no gauge for establishing priorities and intensifying monitoring efforts.

Regional Officials Reported Intervening with Underenrolled Grantees to Correct Underenrollment

The ACF regions we surveyed reported taking a variety of actions to address underenrollment ranging from providing assistance to recouping federal funds in some cases. Officials in all 11 regions responded that they had taken at least one action to ensure that grantees address underenrollment. The interventions taken most often were to monitor enrollment levels (55 grantees), track improvement efforts (43), and provide training and technical assistance (30). Notably, 4 regions provided additional funds to a total of 18 underenrolled grantees to purchase or renovate facilities. Somewhat less often, regions took action to reduce funded enrollment levels or recoup funds. Specifically, only 2 regions reported that they recouped funds from a total of 6 underenrolled grantees. (See table 6.)

Table 6: Actions by ACF Regions toward Underenrolled Grantees

Regional actions	Count of regions taking the action	Number of grantees to which action applied
Identified deficiency and pursued QIP	6	19
Met with grantees and developed plan to address underenrollment	5	29
Required frequent (such as monthly) reporting of enrollment	5	55
Provided funds for purchase or renovation of facilities or for more comprehensive community assessments	4	18
Tracked correction efforts for compliance	3	43
Provided training and technical assistance	3	30
Negotiated reductions in funding levels and funded slots	3	9
Withheld or recaptured funds for the year of underenrollment	2	6
Held meetings with grantee's board and management	2	3
Proposed Head Start grant be relinquished or terminated	2	2
Requested audit by the HHS Office of Inspector General	1	1
Changed program options	1	1

Source: GAO analysis of ACF regional office survey responses.

As noted earlier, many regions and grantees said the need for full-day services was a major factor fostering underenrollment. As part of their efforts to assist grantees in providing more full-day services, some ACF regional officials told us they had encouraged grantees to collaborate with other programs or had provided additional funds to purchase or renovate facilities. However, such efforts can be costly. For example, region V officials told us that it costs more to provide full-day care than part-day care because full-day care requires more facility space and staff per child.

Underenrolled Grantees Report Taking Some Remedial Actions

Grantees we interviewed took a variety of actions to address underenrollment, including more aggressive recruiting efforts, collaborating with other preschool and child care programs, and increasing slots in selected program options such as home-based services. Most grantees we contacted said that they had taken one or more actions. The most frequently mentioned was more aggressive recruiting followed by collaboration with other programs. For example, a large grantee in New York State that faced increased demand for full-day care since welfare reform collaborated increasingly with other child care providers to piece together a package of full-day services. Nine grantees also reported trying to increase physical facilities capacity. (See table 7.) Other actions taken to address underenrollment, which were cited by 3 or fewer grantees, included improving the tracking or monitoring of enrollment opportunities, hiring multilingual staff, reducing the number of funded slots, and providing contractual incentives for delegate agencies to maintain full enrollment.

Table 7: Actions Taken by Interviewed Grantees to Address Underenrollment

Action taken	Number of grantees taking the action (n = 25)
Took more aggressive and proactive recruiting approach	14
Collaborated with other preschool and child care programs	12
Increased capacity of physical facilities	9
Increased slots in selected program options	6
Worked on updating community assessment	6
Increased marketing of Head Start to the community	5
Relocated and developed new program centers	5
Identified a new unserved low-income population	4
Trained staff in recruitment and program promotion	2
Increased home-based program enrollments	1

Source: GAO analysis of interviews with underenrolled grantees.

Grantees Cite Obstacles to Providing Additional Full-Day Care

Several grantees told us that converting part-day services to full-day was often challenging to implement in addition to being more costly. Additionally, 2 grantees said that ACF did not fully understand all that was involved in transitioning from part-day to full-day services, and that there was no clear national guidance on how to do so. According to these California grantees,

> The costs of transitioning part-day, double sessions, to full-day services have never been fully understood and no national process has emerged to assist grantees and regional offices to address this problem. The major costs often include facilities and additional staffing (where only two and one-half staff are needed for a double session, four to six are needed to staff a full-day session, depending on the number of hours the option operates). Such fixed costs would require a reduction in the number of slots (children enrolled) or an increase in funding in order to transition from part-day double sessions to two full-day sessions.

While these two grantees expressed concern over a lack of guidance, it should be noted that there is national guidance on budgeting for partnerships between child care and Head Start and on financial

management issues in Head Start programs utilizing other funding sources.[12]

Furthermore, grantees told us of their concern to maintain total funded enrollment levels, even as they were converting unfilled part-day openings to full-day. According to region V officials, this concern to maintain enrollment levels may be in keeping with national efforts to serve a greater number of needy children.[13] For example, one underenrolled grantee said that ACF suggested several alternatives to address underenrollment, including converting part-day to full-day slots, but would not permit the grantee to reduce funded slots as a way to address underenrollment. Consequently, while converting part-day slots to full-day slots, the grantee would have had to expand its facilities or find other child care partners in order to serve the same number of children.

Grantees Reported Mixed Results Resolving Underenrollments

Some grantees reported success addressing underlying factors contributing to underenrollment, while others did not. Of the 25 underenrolled grantees that we contacted, 18 (72 percent) indicated that their underenrollment had either been corrected (10 grantees) or would be corrected shortly (8 grantees). These 18 grantees overcame a variety of factors that they said affected underenrollment. For example, 6 of these 18 grantees overcame a shortage of available full-day slots and 8 managed to fill slots lost due to a decline in eligible children attributed to declining TANF rolls. The 7 grantees that had not made progress addressing underenrollment often cited similar issues. For example, 3 of these 7 grantees said they had faced challenges resulting from decreasing TANF caseloads and were unable to respond to the increased demand for full-day services. On the basis of our limited number of interviews, we could not determine why some grantees reported they were able to successfully address problems that other grantees could not.

Conclusions

Because ACF has no reliable nationwide data on enrollment, it is not possible for the agency to identify and track underenrollment trends and to develop strategies to ensure that federally funded Head Start slots are filled. While we could not determine with any precision the extent to

[12]ACF Information Memorandums: IM-HS-01-13, 11/16/2001 and IM-HS-01-06, 3/8/2001.

[13]ACF's primary performance indicator for the number of children served gives equal weight to part-day and full-day slots.

which there is underenrollment, our survey work and analysis indicate it is possible that underenrollment is more widespread than ACF has acknowledged. The complexity of factors buffeting Head Start grantees underscores the need for ACF to accurately identify underenrollment and its causes on a timely basis. Even if ACF corrects national survey data issues, there is no guarantee that its regions will know of underenrollment in a timely manner because the main national data source is not available until the following program year.

Furthermore, because ACF regions vary in how they define unacceptable levels of underenrollment and because they rely on approaches to identify grantees that are not timely or consistent, there is some indication that Head Start grantees with similar levels of underenrollment are treated differently across regions. ACF guidance to the regions on how to address different types of underenrollment is a good first step toward a more systematic approach to underenrollment. However, until ACF issues guidance that more clearly explains how to prioritize grantees with varying levels of underenrollment for purposes of corrective action, regions are likely to continue using varied criteria or none at all. Also, until more timely and systematic approaches are developed for regions to identify underenrolled grantees, it is possible that low enrollment will go undetected and federal dollars will not be fully utilized for low-income children who could benefit from Head Start's program goals.

Finally, it appears that there may be a perceived incentive for underenrolled grantees to maintain or increase enrollments due, in part, to ACF's emphasis on counting the total number of children served irrespective of whether they are enrolled part-day or full-day. Measuring Head Start enrollments without capturing the difference in level of service provided by full-day or part-day programs adds to the difficulty of meeting local needs and adjusting to changes in those needs. Until ACF can get a better grasp of the nature and size of underenrollment and align program incentives with family needs, it may be a challenge for Head Start to best meet the needs of some families it could serve.

Recommendations for Executive Action

We recommend that the Secretary of HHS direct ACF to (1) take steps to ensure the accuracy of enrollment data reported in its annual nationwide survey of grantees, (2) develop a standard criterion for regional offices to use in identifying grantees whose underenrollment merits monitoring or corrective actions, (3) develop an additional measure of aggregate services other than total enrollment that takes into consideration the different levels of service provided by full-day and part-day programs, and (4) work

with regional offices to develop a more systematic process for them to collect reliable enrollment data during the program year so that they can address underenrollment more quickly.

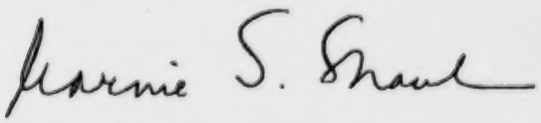
Agency Comments

We provided a draft of this report to the Department of Health and Human Services for review and comment. In its written response, included as appendix IV of this report, HHS agreed with our recommendations and indicated that it will take action to address each recommendation.

We are sending copies of this report to the Secretary of Health and Human Services and other interested parties. In addition, the report will be available at no charge on GAO's Web site at http://www.gao.gov.

If you or your staffs have any further questions about this report, please call me on (202) 512-7215. Other GAO contacts and staff acknowledgments are listed in appendix V.

Sincerely yours,



Marnie S. Shaul
Director, Education, Workforce,
and Income Security Issues

Appendix I: Scope And Methodology

To determine what is known about the extent to which Head Start programs are underenrolled, we assessed the reliability of PIR enrollment data, conducted interviews, reviewed program documentation, and surveyed ACF regional offices. Specifically, we assessed the reliability of the PIR data on grantee enrollment by (1) performing electronic testing of key data elements for obvious errors in completeness and accuracy, (2) reviewing existing information about the data and the system that produces it, and (3) contacting 19 underenrolled and overenrolled grantees selected across a range of reported enrollment ratios. We did not assess the reliability of other PIR data used in the report. We also interviewed ACF headquarters officials, reviewed federal guidance and regulations on enrollment, surveyed the regions and a branch office, and interviewed regional officials in regions III, V, and IX. The 3 regions were selected for site visits on the basis of geographical representation and the number of underenrolled grantees they reported to us. Since ACF oversight of Head Start grantees is primarily accomplished through its regions and program branches, we designed a survey instrument in which these entities could provide written responses to our specific requests for such information as:

- the methods the regions used to oversee grantee and delegate agency enrollment levels;
- the threshold, if any, they had established for determining the point at which a grantee or delegate agency's level of underenrollment is considered to be unacceptable;
- a list of all grantees and delegate agencies that they believed had unacceptable levels of underenrollment for both the 2001-02 and 2002-03 program years;
- the reasons that they believed unacceptable levels of underenrollment had occurred and the extent (major, moderate, minor, or none) that they believed each identified reason had contributed to underenrollment;
- the actions they had taken to address the unacceptable level of underenrollment for their grantees and delegate agencies.

We surveyed all 10 ACF regional offices and the American Indian-Alaska Native Program Branch. The Migrant and Seasonal Program Branch was excluded from our review because of its lack of comparability with the other branch and regions caused by anticipated enrollment fluctuations resulting from the seasonal movement of migrant families.

To determine ACF officials' and Head Start grantees' views on the factors that contribute to underenrollment and to identify actions they took to address underenrollment, we relied on our survey of the ACF regional offices and the American Indian-Alaska Native Program Branch office as well as a interviews with 27 grantees (1 of which was actually a delegate agency) that had been identified by the regions as underenrolled. Twenty grantees were contacted by telephone and 7 were interviewed face-to-face. Two of the 27 grantees said that they had not experienced any underenrollment; therefore, our grantee survey results were based on the responses of 25 grantees that agreed with the regions' designation of their underenrolled status.

Using a standard set of questions, we interviewed at least 1 identified grantee from each region or branch. In selecting grantees to be interviewed, we chose 7 from the metropolitan areas of the 3 regions that we visited so that we could conduct some of the interviews in person. The other 20 grantees we interviewed were primarily selected from each region based on having been identified as being underenrolled for 2 program years (2001-02 and 2002-03). We also attempted to interview both grantees that were funded for more than 500 slots and grantees that were funded for fewer.

The grantee interview requested that grantee officials

- describe the factors they believed contributed to the grantee's underenrollment,
- identify the actions the grantee had taken to address underenrollment, and
- indicate whether they believed that the grantee's underenrollment had been corrected.

Because of the lack of reliable enrollment data, the information we collected regarding underenrollment was primarily testimonial. Apart from assessing the basic consistency of interviewees' responses with known program characteristics, we did not independently test the information they provided, such as reasons for underenrollment.

Appendix II: Factors That the ACF Regions Believed Contributed to Underenrollment to a Major or Moderate Extent

Table 8: Factors Cited By ACF Regions as Contributing to Underenrollment to a Major or Moderate Extent, during Program Years 2001-02 and 2002-03

	Factor cited as contributing to underenrollment	Number of times cited	Percentage of regions citing factor
1	Fewer eligible families (moving into jobs and off TANF)	7	63.6
2	Not enough full-day slots	7	63.6
3	Other day care or education centers are available in the area	7	63.6
4	Completion of facilities was slower than planned	6	54.5
5	Demographic change: decrease in the number of eligible children in service area	6	54.5
6	Shortage of eligible children below the poverty rate cutoff	5	45.5
7	Too many part-day slots	5	45.5
8	Waiting lists of eligible children not developed or used	4	36.4
9	Weak recruitment efforts	4	36.4
10	High turnover rate (e.g., families move often)	3	27.3
11	Actual enrollments not yet caught up with recent funded program expansion	2	18.2
12	Not enough part-day slots	1	9.1
13	Too many full-day slots	1	9.1

Source: GAO analysis of ACF regional office survey responses.

Appendix III: Factors that Grantees Believed Contributed to Their Head Start Programs' Underenrollment

Table 9: Factors Cited by 25 Grantees as Contributing to Head Start Program Underenrollment, during Program Years 2001-02 and 2002-03

	Factors contributing to underenrollment	Number of times cited	Percentage of grantees citing factor (n = 25)
1	Difficulties in acquiring and developing adequate facilities	14	56.0
2	Families moving into jobs and off TANF	11	44.0
3	Not enough full-day slots	9	36.0
4	Other day care or education centers are in the area	8	32.0
5	Lack of housing for low-income families	7	28.0
6	Income eligibility criterion too low for high-cost area	5	20.0
7	Programs paying relatives or friends for child care	5	20.0
8	Lack of income-eligible children in service area	4	16.0
9	High turnover rate (e.g., families move often)	4	16.0
10	High cost of living causes low-income families to move	4	16.0
11	Language and cultural barriers among eligible families make selling program difficult	3	12.0
12	Actual enrollments not yet caught up with expansion	2	8.0
13	Centers in wrong service area location	2	8.0
14	Centers with wrong mix of program service options	2	8.0
15	High cost of transitioning from part-day to full-day care	2	8.0
16	Inadequate program management	2	8.0
17	Poorly planned enrollment expansion	2	8.0
18	Weak or inadequate recruiting efforts	2	8.0
19	Completion of facilities was slower than planned	1	4.0
20	Difficulties in finding qualified collaborative care partners	1	4.0
21	Head Start income levels too low for collaborating with other low-income programs	1	4.0
22	Parents do not recognize the benefit of Head Start for their child	1	4.0
23	Waiting lists of eligible children not developed or used	1	4.0

Source: GAO analysis of interviews with underenrolled grantees.

Appendix IV: Comments from the U.S. Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

NOV 25 2003

Ms. Marnie S. Shaul
Director, Education, Workforce,
and Income Security Issues
United States General
Accounting Office
Washington, D.C. 20548

Dear Ms. Shaul:

Enclosed are the Department's comments on your draft report entitled, "Head Start: Better Data and Processes Needed to Monitor Underenrollment." The comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely,

Dara Corrigan
Acting Principal Deputy Inspector General

Enclosure

The Office of Inspector General (OIG) is transmitting the Department's response to this draft report in our capacity as the Department's designated focal point and coordinator for General Accounting Office reports. OIG has not conducted an independent assessment of these comments and therefore expresses no opinion on them.

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Comments of the Department of Health and Human Services on the General Accounting Office's Draft Report, "Head Start: Better Data and Processes Needed to Monitor Underenrollment" (GAO-04-17)

The Department of Health and Human Services (HHS) appreciates the opportunity to comment on the General Accounting Office's (GAO) draft report.

GAO Recommendations

GAO recommends that the Secretary of HHS direct the Administration for Children and Families (ACF) to (1) take steps to ensure the accuracy of national enrollment data reported in its annual nationwide survey of grantees, (2) develop a standard criterion for regional offices to use in identifying grantees whose underenrollment merits monitoring or corrective action, (3) develop an additional measure of aggregate services other than total enrollment that takes into consideration the different levels of service provided by full-day and part-day programs, and (4) work with regional offices to develop a more systematic process for them to collect reliable enrollment data during the program year so that they can address underenrollment more quickly.

HHS Comments

The Department fully supports the recommendations. ACF will implement changes to the annual Program Information Report (PIR) data collection instrument to assure these data are accurate. ACF will also implement uniform criteria based upon the enrollment requirements of 45 C.F.R. Part 1305 that will be used in identifying and working with grantees with underenrollment problems. ACF will work on a method for assessing whether underenrollment varies for part- and full-day programs. ACF will develop a more systematic process for regional offices to collect reliable enrollment data during the program year.

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Appendix V: GAO Contacts and Staff Acknowledgments

GAO Contacts

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Acknowledgments

In addition to those named above, Daniel Jacobsen, Lesley Woodburn, Luann Moy, Barbara Johnson, James Rebbe, Susan Bernstein, and Amy Buck made key contributions to the report.

Related GAO Products

Education and Care: Head Start Key Among Array of Early Childhood Programs, but National Research on Effectiveness Not Completed. GAO-03-840T. Washington, D.C.: July 22, 2003.

Head Start and Even Start: Greater Collaboration Needed on Measures of Adult Education and Literacy. GAO-02-348. Washington, D.C.: March 29, 2002.

Early Childhood Programs: The Use of Impact Evaluations to Assess Program Effects. GAO-01-542. Washington, D.C.: April 16, 2001.

Title I Preschool Education: More Children Served, but Gauging Effect on School Readiness Difficult. GAO/HEHS-00-171. Washington, D.C.: September 20, 2000.

Early Education and Care: Overlap Indicates Need to Assess Crosscutting Programs. GAO/HEHS-00-78. Washington, D.C.: April 28, 2000.

Early Childhood Programs: Characteristics Affect the Availability of School Readiness Information. GAO/HEHS-00-38. Washington, D.C.: February 28, 2000.

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Head Start Programs: Participant Characteristics, Services, and Funding. GAO/HEHS-98-65. Washington, D.C.: March 31, 1998.

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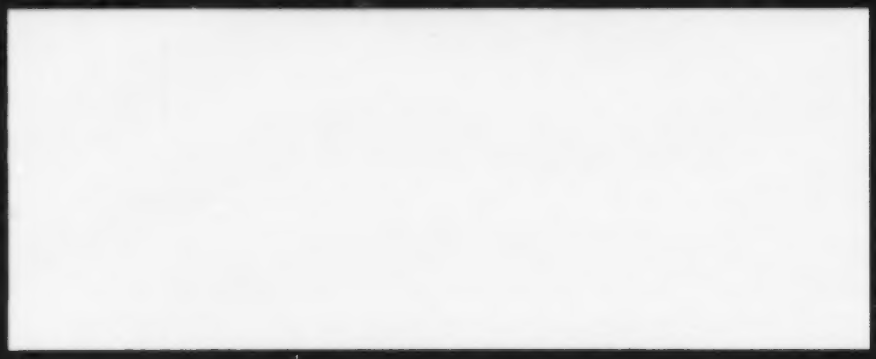

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